



MINUTES

GEORGIA LAND CONSERVATION PROGRAM First Quarter Council Meeting March 4, 2010 - 9:30 AM

Call To Order

A quorum being present, the meeting was called to order.

Present at the meeting were:

Council Members: Steve Stancil, Chairman, John Bembry, Stacy Patton, Mike Beatty, Chris Clark, Paul Michael, Robert Farris and Brent Dykes.

Approval of the Minutes

Chairman Stancil presented minutes from the December 3, 2009 GLCP meeting for approval. Chris Clark made a motion seconded by Mike Beatty to approve the minutes as presented. The motion passed unanimously.

Program Update and 2010 Legislative Session

Curt Soper stated that 162,049 acres have been permanently protected since inception of the program; 73 grants/loans totaling 105,653 acres protected and 149 certified tax credit projects totaling 56,396 acres. The state's investment is \$73 million. All projects have been executed that the Council has approved.

Highlights for 2009: 38,592 acres permanently conserved; last remaining grant funds expended; 78 land conservation donation tax credit applications received; and 15 conservation easements donated to the State.

Curt Soper stated that \$25 million has been requested in the Governor's FY 2011 GEFA bond package for water and sewer construction and land conservation grants and loans, statewide. We are hopeful of a good outcome but also aware of revenue shortfalls and the overall budget situation.

Curt stated that there is a potential amendment to the Land Conservation Act, Senate Bill 402 sponsored by Senator Tolleson that would enable the program to carry out "bridge" loans to non-governmental conservation organizations. House Bill 1109 was introduced by Representative Stephens that would authorize municipal corporations to grant conservation easements on their property. House Bill 1202 was introduced by Representative Stephens that would make the Georgia land conservation tax credit transferable, but this legislation has been pulled.

GLCP Annual Report

Curt Soper stated that a copy of the annual report is provided in each Council members book and if they had any questions or needed additional copies to let him or Andrew know and

they could have them made. Curt will provide a copy of the annual report to each member of the legislature.

Report on Conservation Easement Donations

Andrew Szwak stated that staff has had a series of meetings with private sector folks, staff at SPC and Law department and we have improved the process for accepting donated easements. In 2009 17, 557 acres protected for 14 projects with an average GLCP score of around 60. Andrew stated that for 12 projects a total of \$114,495 in due diligence expenditures has broken down as: 31% SAAG fees (state agency cost), 31% title insurance (state agency cost), 22% survey (landowner cost), 7% for phase I (landowner cost), 8 % for other costs and 1% for miscellaneous. Out of the \$400,000 that the Council has allocated for conservation easements we have \$105,505 available. Chris Clark asked if the state is getting a good value for the money being spent and is there a way to benchmark the state's cost policies against what the NGO's expenses are on an easement. Curt Soper stated that the state is generally slower and is typically less flexible with respect to the legal easement terms than the NGOs, but the landowner also typically will have less money out of pocket costs working with the state instead of an NGO.

Curt Soper stated that an action item from the last meeting Council was for staff to look at the expenditure of these easement due diligence funds and look ahead and see what is in the pipeline and make a recommendation for how best to move forward. Staff has done this and the first motion request is recommending that \$150,000 be added to the pool that would be used to pay for due diligence associated with donated conservation easements. We do currently have around the \$100,000 still available and this action would bring the total amount of funding available to around \$250,000. There are a number of easements in the pipeline that agencies are working on and we hope that this would get us through this calendar year. Robert Farris made a motion and seconded by Stacy Patton to move \$150,000 to be used for the donated conservation easements program. The motion passed unanimously.

Curt Soper stated that the second requested motion is for the program to continue to spend donated easement due diligence funds on a first come first serve basis to but only pay for due diligence of projects that score 55 points or higher under the GLCP scoring criteria. Easement projects that do not score 55 or higher can still be donated, but the state would not pay any due diligence costs. Curt stated that the state does not ever pay for or reimburse the landowners appraisal cost. Staff would also recommend that the state would not pay for the attorney fees for the landowner. Dr. Bembry asked how the split is made between the landowner and the state for the cost that is paid. The state as well as the citizens both have financial costs and constraints, but is there a percentage that is agreed that each pay? Curt stated that there is a cap of \$30,000 that the state will pay. The way it works in practice is that the state has two costs that it typically incurs and those are title insurance and SAAG fees for closing the project. The individual agencies do not have funds of their own to pay these required costs, so the GLCP needs these funds to cover these expenses. On average those fees run about 60% of all due diligence costs associated with a donated easement and the agency field rep then works with the landowner to offer enough such that the landowner is not overburdened with out of pocket costs. A motion was made by Mike Beatty and seconded by Stacy Patton to approve first come first serve and pay only for projects that score 55 or higher. The motion passed unanimously.

Chairman Stancil stated that the third staff suggested request is to not pay for attorney fees incurred by the landowner in a donated easement transaction. Brent Dykes asked what the reason is for not paying the attorney fees. Curt stated that part of it is to reduce the out of pocket cost for the state and of course the state already has to pay our own attorney fees and is more comfortable with paying our own verses the owners. Chris Clark asked if we had paid any in the past and Curt stated no. Paul Michael asked if this has been a significant issue and Curt stated no. We have had one donor ask and we told them no. After discussion, there was not a motion made to exclude the paying of landowner attorney fees as part of a donated conservation easement transaction.

Curt also stated that the Department of Revenue has reduced by 50% the administrative fee they charge to keep track of and distribute funds donated by tax payers for the GLCP.

Carbon Sequestration Credit Program

Rober Keller provided a presentation on Carbon Sequestration Credit Program.

Land Conservation Tax Credit Report

Kristina Sorensen stated that during 2009, new rules were developed from the legislation that was passed in 2008. Also, 78 conservation tax credit applications were received in 2009; 35 have been received in January and February for this year already; there have been appeals filed and processed for 3 tax credit certifications that were denied.

Kristina stated that in April 2008,, HB 1274 was passed which amended the tax credit act to fix some problems encountered with the original legislation. A major correction was defining that the value of the donation will be determined by a qualified appraisal. Prior to this change, it was up to the local county tax assessor to determine this and many people had a problem with this. The new legislation also allowed for discounted sales of property or conservation easements to be eligible for the tax credit. A third major change in the new legislation was that the Department was charged with defining eligible conservation purposes under the definition of Conservation Land. Prior to this legislation, the definition of conservation land referenced the ten conservation puposes listed in the Land Conservation Act. DNR staff put more specific language in and combined the original 10 down to 7.

To date, DNR has received 193 tax credit applications. As we go into the third full year of the program, the number of applications received has begun to level off at approximately 80 per year. Slightly more applications were received in 2009, but a larger portion of these were per-certification applications. Therefore, the total amount of acreage certified in 2009 was lower than in 2008. In the last two years, the amount of conservation land certified has averaged approximately 23,000 acres/year, more than double the acreage from 2007. This brings the total acreage certified under the program since 2006 to 56,396. There has only been three denials made to date.

Emerging Issues

There were no new emerging issues presented.

Next meeting is scheduled for June 10, 2010.

Adjournment

The meeting adjourned at 11:05 a.m.

Kim Yawn, Senior Executive Assistant

Phil Foil, Executive Director